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February 29, 2016

## ELECTRONIC & U.S. MAIL

A.G. Burnett, Chairman  
NEVADA STATE GAMING CONTROL BOARD  
1919 College Parkway  
Carson City, NV 89706

Re: **2016-13: NOTICE OF WORKSHOP AND REQUEST FOR COMMENTS;**  
**PROPOSED AMENDMENTS TO NEVADA GAMING COMMISSION**  
**REGULATIONS 5 AND 5A IMPLEMENTING SENATE BILL 9**  
***AGEM Comments***

Dear Chairman Burnett:

We represent the Association of Gaming Equipment Manufacturers ("AGEM" or the "Association"). This letter is further to the Notice of Workshop and Request for Comment for Proposed Changes to Nevada Gaming Commission Regulations 5 and 5A issued by the State Gaming Control Board (the "Board"), on February 22, 2016, in Matter No. 2016-13 (the "Notice"). In connection with the Notice, the Board has re-published proposed amendments to Commission Regulations 5.220, 5.240 and 5A.020 and a new Regulation 5.225.

This workshop, scheduled for March 2, 2016, relates to the adoption of changes to Nevada Gaming Commission Regulations 5 and 5A considered necessary to implement the account wagering and electronic commerce objectives of Senate Bill 9 of

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the Seventy-Eighth Regular Session of the Nevada Legislature. The Association submits the following comments and recommendations.<sup>1</sup>

## 1. AGEM PROPOSED REGULATION 1 AMENDMENT.

AGEM Proposed Text: The Association proposes the following definitional changes.

**1.190 “Wagering account” defined.** *“Wagering account” means an account established pursuant to these regulations permitting a patron to engage in account wagering activity for games, gaming devices, mobile gaming, slot machines, pari-mutuel race wagers, sports wagers, nonpari-mutuel race wagers, and other event wagers, as applicable. A wagering account shall include an electronic ledger wherein the following types of transactions are recorded:*

- (1) Deposits;*
- (2) Withdrawals;*
- (3) Amounts wagered;*
- (4) Amounts paid on winning wagers;*
- (5) Charges for goods or services;*
- (6) Service or other transaction-related charges authorized by the patron; and*
- (7) Permitted credits and debits to the wagering account or other adjustments approved by the chairman.*

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<sup>1</sup> AGEM is aware that on February 19, 2016, the Nevada Resort Association (the “NRA”), and CG Technology (“CGT”), submitted to the Board related proposals on amendments to Commission Regulations 5, 5A, 22 and 26C (the “Industry Proposals”). AGEM supports this collaboration within the industry lead by the NRA and CGT, and except as specifically noted in the Association’s comments, the proposals in this letter present language from the Industry Proposals. The Association encourages the Board to broaden the scope of the current rulemaking to embrace a holistic review and adoption by the Commission of regulations governing account wagering.

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*A wagering account does not include a mobile payment service as defined by paragraph (b) of section 1 of Regulation 5.225.*

**1.192 “Wagering voucher” defined.** “Wagering voucher” means a printed wagering instrument *or digital representative thereof*, used in a cashless wagering system, that has a fixed dollar wager value and is redeemable for cash or cash equivalents.

Comment: The Association recommends that the Board promulgate for Commission consideration a new definition of wagering account which has broad application to any form of gaming for which account wagering will be permitted. This will eliminate the existing definitions which differ among various existing rules. The definition would exclude a “mobile payment service” as discussed below. AGEM also recommends a revision to the existing definition of “wagering voucher” to expand the concept to digital representations.

## **2. BOARD PROPOSED AMENDMENT TO REGULATION 5.220.**

AGEM Proposed Text: AGEM proposes the following subsections be included in Regulation 5.220.

*7. Before a wager may be made on a system, a wagering account must be established in accordance with the provisions set forth in Regulation 5.225.*

*8. An operator or licensee may not use a wagering account established pursuant to Regulation 5.225 for other forms of account wagering, unless the registration of the wagering account meets all of the requirements for establishing a wagering account for such other form of account wagering.*

Comment: The Association supports the Board’s proposed elimination of existing paragraph (i) of subsection 1 and subsection 7 to Regulation 5.220. These changes are consistent with AGEM’s proposals in this letter. The Association suggests that new language be added as subsection 7 and 8 to this rule to make clear that mobile



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gaming account wagering will be governed by rules for establishing such accounts set forth in Regulation 5.225.

### 3. BOARD PROPOSED REGULATION 5.225

AGEM Proposed Text: The Association recommends that the Board's proposed Regulation 5.225 be replaced with the following language.

*5.225 Account wagering for games, gaming devices, mobile gaming, and slot machines.*

#### *1. Definitions. As used in this section:*

(a) "Licensee" means [a nonrestricted licensee operating a casino with any number of slot machines together with any other game, gaming device, race book or sports pool at one establishment, an operator of a system as defined in Regulation 5.215, or an operator of a mobile gaming system as defined in Regulation 5.220.]:

(1) A gaming license for an operation consisting of 16 or more slot machines;

(2) A gaming license for an operation of any number of slot machines together with any game, gaming device, race book or sports pool; or

(3) A restricted license.]

(b) "Mobile payment service" means a method of secure funds transfer, which is not made directly from a financial institution, using a mobile payment, digital wallet, or comparable service or system, including, without limitation, such a service or system that uses wireless near-field communication technology or a similar technologies, when made available through a hardware interface and software program administering the limitations prescribed by the prepaid access exclusion.

(c) "Prepaid access exclusion" means the exclusions from the prepaid access provider requirements pursuant to Section 1010.100(ff)(4)(iii)(A) or (D) of Title 31 of the Code of Federal Regulations.

(d) "Secure personal identification" means an encoded alpha-numeric character code or any other method of identifying the patron as approved by the chairman through which the licensee may verify that a wager or account transaction was authorized by the patron.

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*(e) "Wagering account" means a wagering account as defined in Regulation 1.190 wherein transactions relative to games, gaming devices, mobile gaming, and slot machines are recorded.*

*2. A licensee may:*

*(a) Establish wagering accounts for games, gaming devices, mobile gaming, and slot machines.*

*(b) Maintain a single wagering account for each patron for any of such wagering activities authorized in Nevada at all or some of the casinos where the licensee or any affiliate licensee operates.*

*(c) Engage a person licensed by the commission as a cash access and wagering system provider to administer wagering accounts on behalf of the licensee.*

*3. Before a wagering account may be established, a licensee must register the patron and create a wagering account as follows:*

*(a) A licensee may register a patron for a wagering account on its premises or on the premises of an affiliate licensee.*

*(b) A licensee that is an operator or a book and operates on the premises of another Licensee may register a patron for a wagering account on the premises of the other licensee or on the premises of an affiliate licensee of the other licensee.*

*(c) To register a patron for a wagering account, the licensee must:*

*(1) record or confirm that the patron has recorded either in person or remotely:*

*(A) The identity of the patron;*

*(B) The patron's date of birth showing that the patron is 21 years of age or older;*

*(C) The physical address where the patron resides;*

*(D) The primary telephone number for the patron;*

*(E) The social security number for the patron, if a United States resident;*

*(F) That the patron has not previously self-excluded with the Licensee and otherwise does not remain on the licensee's self-exclusion list; and*

*(G) That the patron is not on the list of excluded persons established pursuant to NRS 463.151 and Regulation 28.*



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*(2) record:*

*(A) The method used to verify the patron's identity and residence, and a description, including the document number, of the identity credential examined;*

*(B) The wagering account's approved credit limit or the amount of the patron's initial wagering account or front money deposit;*

*(C) The patron's account number for each wagering account;*

*(D) The patron's secure personal identification; and*

*(E) The date each wagering account is opened;*

*(d) The account wagering system must record:*

*(1) The patron's initial deposit into the wagering account;*

*(2) The patron's wagering account number or numbers; and*

*(3) The dates each wagering account is opened.*

*(e) Before registering a patron for a wagering account, the licensee must have the patron affirm the following:*

*(1) That the information provided to the licensee to register is accurate;*

*(2) That the patron has reviewed and acknowledged access to the licensee's house rules and procedures for each wagering account for which the patron is registering and for wagering communications;*

*(3) That the patron has been informed and acknowledged that patrons who establish wagering accounts pursuant to this regulation for games, gaming devices, mobile gaming, and slot machines are prohibited by law from placing wagering communications from outside the licensed gaming establishment and that the licensee is prohibited by law from accepting them;*

*(4) That the patron consents to the monitoring and recording by the licensee and the board of any wagering activity or wagering communications; and*

*(5) That the patron consents to the jurisdiction of the State of Nevada to resolve disputes arising out of wagering account wagering.*

*(f) The licensee must suspend a wagering account if there was no wagering activity on the wagering account within the last 16-month period. The licensee may*

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*permit the patron to renew the wagering account by verifying the identity of the patron.*

*(g) A licensee may preregister a patron remotely for a wagering account and following preregistration the patron may use all functions of the wagering account, except to deposit funds into, establish a line of credit for, or make a wager from a wagering account, as may be prohibited by state or federal law. Before funds are deposited into, a line of credit is established for, or a wager may be made using the wagering account the patron must personally appear before a gaming employee of the licensee and the licensee must examine (or reexamine as part of verifying the identity of a patron on a suspended wagering account) in the patron's presence the patron's:*

*(1) Driver's license;*

*(2) Passport;*

*(3) Non-resident alien identification card;*

*(4) Other reliable government issued identification credential; or*

*(5) Other picture identification credential normally acceptable as a means of identification when cashing checks.*

*4. Funds may be deposited into a wagering account by a patron as follows:*

*(a) Cash deposits made directly with a licensee;*

*(b) Personal checks, cashier's checks, wire transfer and money order deposits made directly or mailed to a licensee;*

*(c) Transfers from safekeeping or front money accounts otherwise held by a licensee;*

*(d) Debits from a patron's debit card;*

*(e) Transfers through the automated clearing house or from another mechanism designed to facilitate electronic commerce transactions;*

*(f) Transfers from a prepaid access instrument or a mobile payment service; and*

*(g) Any other means approved by the chairman.*

*5. Credits to a wagering account may be made by the following means:*

*(a) Deposits;*

*(b) Amounts won by a patron;*



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*(c) Promotional credits or bonus credits provided by a licensee and subject to the terms of use established by the licensee and as long as such credits are clearly identified as such;*

*(d) Adjustments made by the licensee following the resolution of a dispute; and*

*(e) Credits as otherwise approved by the chairman.*

*6. Debits to a wagering account may be made by the following means:*

*(a) Amounts wagered by a patron;*

*(b) Purchases of merchandise and services requested by a patron;*

*(c) Withdrawals;*

*(d) Transfers to safekeeping or front money accounts held by a licensee;*

*(e) Adjustments made by the licensee following the resolution of a dispute; and*

*(f) Debits as otherwise approved by the chairman.*

*7. Funds deposited into a wagering account from a financial institution shall not be transferred out of the wagering account to a different financial institution except in connection with the issuance of a prepaid debit card requested by the authorized patron, prepaid access instrument, a mobile payment service or as otherwise allowed by the chairman.*

*8. Unless there is a pending unresolved patron dispute or investigation, a licensee shall comply with a request for a withdrawal of funds by a patron from a wagering account within a commercially reasonable amount of time.*

*9. A licensee shall not allow a wagering account to be overdrawn unless caused by payment processing issues outside the control of the licensee.*

*10. For purposes of this regulation, credit shall not be deemed to have been extended where, although funds have been deposited into a wagering account, the licensee is awaiting actual receipt of such funds in the ordinary course of business.*

*11. Nothing in this regulation prohibits a licensee from suspending or closing a wagering account and precluding further gaming by a patron pursuant to the terms of the agreement between the licensee and the patron.*

*12. The licensee shall retain:*

*(a) information related to all active wagering accounts, including the applications and/or amendments related thereto;*



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*(b) information related to all rejected wagering account applications, including the applications and/or amendments thereto, for no less than one year following the rejection of the related application; and*

*(c) information related to all closed wagering accounts, including the applications and/or amendments thereto for no less than one year following the closure of the related wagering account.*

*13. A licensee or a licensed cash access or wagering system provider acting on behalf of a licensee may:*

*(a) Subject to compliance with applicable law governing protection of a patron's confidential personal and financial information, use a patron's personal identification information to administer wagering accounts for that same patron with one or more wagering accounts, with one or more licensees, race books, or sports pools, or as otherwise consented to by the patron.*

*14. Once a wagering account is created for a patron, the licensee shall require the patron or authorized employee of the licensee to choose a secure personal identification reasonably designed to prevent the unauthorized access to, or use of, the Wagering Account.*

*15. A licensee shall ensure that a patron has the ability, through the wagering account, to select a responsible gambling option through a deposit limit establishing the amount of total deposits a patron can make to the wagering account within a specified time. The requirement to implement the responsible gambling option is effective on August 1, 2017.*

*16. Except as otherwise provided by a licensee's house rules and procedures, a patron may fund wagers on gaming devices using a mobile payment service. The licensee is responsible for disabling use of a mobile payment service on any gaming device where use of such service is prohibited by the licensee's policies and procedures.*

Comment: AGEM has been working collaboratively with other industry representatives on proposed language for Regulation 5.225. With the exception of the definition of "licensee" as highlighted in paragraph (a) of subsection 1 of Proposed Regulation 5.225, the Association has set forth here the language developed in that

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industry collaboration. AGEM endorses the adoption of this version of Proposed Regulation 5.225.

As to the definition of "licensee," AGEM's position expressed during the August 2015 workshop remains unchanged. The Board and Commission must make a policy decision on whether account wagering will be permitted at both nonrestricted and restricted locations, and if so whether there are sufficient personnel, processes and internal controls in place for both such environments. The Association believes that information from the gaming establishment operators needs to be presented to the Board on this policy question.

#### 4. BOARD PROPOSED AMENDMENT TO REGULATION 5A.020

AGEM Proposed Text: None

Comment: AGEM supports the Board's proposed revision to Regulation 5A.020.

#### 5. AGEM PROPOSED AMENDMENT TO REGULATION 5A.110.

AGEM Proposed Text: The Association proposes the following subsection be included in Regulation 5A.110.

*8. An operator may not use an interactive gaming account established pursuant to this regulation for other forms of account wagering, unless the registration of the interactive gaming account meets all of the requirements for establishing a wagering account for such other form of account wagering.*

Comment: The Association suggests that new language be added as subsection 8 to this rule to make clear that interactive gaming account wagering may not be used for other forms of account wagering unless established as set forth in Regulation 5.225.



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The Association looks forward to continued dialog with the Board and its staff in developing these proposed amendments and additions to Commission Regulations 5 and 5A. Please advise if you have questions or require additional information.

Sincerely,



Dan R. Reaser

cc: Jim Barbee, Chief, GCB Technology Division  
Michael Somps, Sr. Deputy Attorney General  
Virginia Valentine, NRA  
Quinton Singleton, CGT  
AGEM Working Group